BEACON HR, Benefits, Time and Payroll Policy Impacts

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Note: The personnel and payroll related policy changes identified in this document are meant to help agencies understand some of the policy impacts of moving to the BEACON HR/Payroll system. Although this list of policy changes is not exhaustive, it should give insight into some of the most significant changes agencies can expect. The BEACON HR/Payroll Project Team will continue to provide updates on expected policy and process changes throughout the BEACON HR/Payroll Project go-live and beyond.

Human Resources

Personal Service Contracts: For those Personal Service contracts where the employee/employer relationship exists, as per IRS regulations, agencies should enter Personal Service contract employees into the BEACON system into appropriately classified positions. However, agencies can also label Personal Service contracts for BEACON persons using the schematic 25484 and title of Specialized Skill Worker. This is a flat rated class that OSP will use to track the Personal Service contracts until more definite arrangements or classifications can be made within BEACON. This process is to be used only to enter these employees into the BEACON system for go-live and is in no way intended to be a long-term solution. Use of this class requires the approval of Thom Wright and must be processed through OSP.

Dual Employment: In dual employment situations where both agencies are in BEACON, the borrowing agency will no longer need to make a payment to the parent agency. BEACON will automatically split the employee's pay amount and the employer costs between the two agencies based on the signed agreement and hours worked at each.

If BEACON is the parent agency, the borrowing agency will send to BEACON the approved paper time sheet and a check from Accounts Payable. The time will be entered by Shared Services. The employee will receive payment in their regular BEACON pay after payment has been received from the borrowing agency.

Work Against: Work against situations have been formalized in a memo from Thom Wright (August 6, 2007). These actions will be processed through BEST Shared Services and will include two types:

- One employee working against a position where the position must be supervised by the person who supervises the employee.
- Two or more employees working against a single position where the total equivalent does not exceed one full-time equivalent position. The classification and supervisor must be the same for all employees. The salary, appointment type and work schedule can vary from employee to employee.

Benefits

Health Plan Termination: The termination date for the State Health Plan will be standardized for all employees across agencies. If an employee terminates from the 1 - 15th of the month, a health plan deduction does not occur for that month and the employee's coverage ends at the end of the current month. If an employee terminates from the 16th – end of the month, a health plan deduction will occur for that month and the employee's coverage ends at the end of the following month.

Time

Identifying and Applying Shift Premium Eligibility: Agencies will identify premium shifts (either "evening" or "night" shifts), and shift premium pay will be automatically awarded to eligible employees assigned to that shift. No further designation will be required to ensure those employees receive shift premium pay.

If an employee works a shift that is designated eligible for a shift premium, *all* hours worked in that shift will receive premium pay, regardless of the time of day the hours are worked. For example, if an employee starts a shift at 4 p.m. and ends at midnight and his shift is designated a night shift, he will receive shift premium pay for all eight hours of his shift even though the shift began during regular working hours.

Defining a Single Leave Accrual Period: Each agency's designated pay period (monthly or bi-weekly) will be the standard period for leave accrual within that agency.

For example: The Department of Correction will no longer accrue leave on the 28-day overtime cycle; employees at DOC will now accrue in conjunction with their pay period.

Family Medical Leave Period Definition: In order to eliminate the current practice of defining the period during which an employee may record FMLA absences differently across agencies, the State will adopt the rolling year as the definition of the FMLA absence period. The FMLA absence period will now begin on the date of the event and go forward 12 months from that day.

1/100th Time Recording Increment: All agencies may use up to two decimal places (1/100th increments) to record time. By adopting the smallest common increment, each agency will be able to manage time to the preferred level of granularity.

Leave Hierarchy: When an employee takes leave, the employee will no longer be able to select the order in which he or she wants to go through their various leave balances. In the past, employees have been able to dictate which leave balance they wish to deplete first, but there is now a standard hierarchy in place. When an employee takes leave, the system will automatically deduct leave balances in the following order:

1. Holiday Compensatory Leave
2. Compensatory Leave
3. On-call Compensatory Leave
4. Travel Time Compensatory Leave
5. Vacation Leave
6. Bonus Leave
7. Advanced Vacation Leave (if approved)

For sick leave, balances will be deducted in the following order:

1. Sick Leave
2. Voluntary Shared Leave
3. Advanced Sick Leave (if approved)

Leave Payback: Before generating Compensatory Leave time, hours worked in excess of the employee's established work schedule will be used to:

1. Pay back advanced leave liabilities owed to the State
2. Pay back adverse weather liabilities owed to the State
3. Offset paid leave hours reported in the same overtime period

Holiday Leave: For employees required to work on a holiday, it is necessary to schedule holiday time off before or after the actual holiday. The time off should be scheduled between 30 days before the holiday and 30 days after the holiday in order for the employee to use Holiday Leave to cover the time off. Thirty days before the holiday, the time evaluation process in the BEACON HR/Payroll system will generate eight hours of Holiday Leave for that employee.

If the employee does not use the Holiday Leave within the allotted 60-day period, the Holiday Leave designation will become invalid and a Leave Administrator for the employee will have to manually shift the eight hours into Holiday Compensatory Leave. The employee will then be able to use the leave using absence code 9000 until the Holiday Compensatory Leave expires and is paid out to the employee. It is important to note that if the employee *does* work the holiday and has not already scheduled the time off, the Holiday Leave will automatically be shifted to Holiday Compensatory Leave the *day after* the holiday and the employee will need to apply absence code 9000 to use it from that day forward.

Mutual Consent Leave Off-Setting: In the past, different agencies have handled leave off-setting in different ways. If an employee takes Monday off, but then works a full 40 hours between Tuesday and Friday, some agencies require the employee to take time off for Monday, while others do not. The policy now states that leave is intended only to cover a gap between the number of hours an employee is expected to work in a week and the number of hours that employee actually works. Therefore, the employee in the example above will **not** have leave deducted for Monday as long as he has worked 40 hours between Tuesday and Friday.

Payroll

Mandatory Direct Deposit: All employees paid through BEST Shared Services will participate in Direct Deposit as a condition of their employment. Any exception to the policy must be requested in writing to the State Controller's Office. Exception forms are available from each agency's payroll office.

Multiple Direct Deposit Account Options: Employees may elect to have their pay deposited into multiple accounts at multiple financial institutions via direct deposit. The maximum number of bank or account options available to each employee is four. The employee will have one primary default account and may elect to have portions of his or her pay directed into as many as three secondary accounts.

Logistics of Check Distribution for Exceptions to Direct Deposit: All printed checks (for approved exceptions to the direct deposit policy) will be centrally processed and distributed via BEST Shared Services. These will be mailed on pay day through the Mail Service Center to the employee's address of record.

Pay Statement Delivery: Most employees will no longer receive hard copies of their pay statements. Pay statements will be available for viewing and printing via Employee Self Service (ESS). Agencies that choose to print pay statements will be responsible for distributing them to their employees.

Temporary Employee Pay: All temporary employees working for BEACON-impacted agencies will be paid on a bi-weekly basis instead of a semi-monthly or monthly basis. These employees may notice a slight decrease in the total amount they receive per check when this change takes place. This is because the total number of pay periods will increase from 24 (two semi-monthly payments a month over 12 months' time) to 26 (one payment every two weeks over 52 weeks' time). Employees will receive exactly the same amount of pay annually as they did before, it will just be spread over a different pay cycle.

In addition to the change in pay period, temporary employees will be paid **two weeks in arrears**. This means that the employee will receive his or her pay two weeks after the end of the pay cycle for which the timesheet is submitted.

Recouping Overpayments: Overpayments to active employees and the claims associated with those overpayments will be administered by BEST Shared Services. Overpayments to inactive employees will be administered by the agencies.

As soon as the system detects an overpayment, it will automatically begin to reconcile the overpayment in the next pay cycle and will continue to do so until the difference has been recouped.

Centralization of Garnishment Processing: BEST Shared Services will administer garnishments and any documentation created by the garnishment order. If a garnishment order is received by the agency instead of by BEST Shared Services, the *original* garnishment order document must be sent to BEST Shared Services in order to ensure accurate and timely processing. Currently, there will be no fees applied to garnishments unless mandated by law.

Voluntary Garnishments: The system will only be configured for garnishment types that are required of the State. Voluntary garnishments will not be supported by the system and will not be administered by BEST Shared Services.

Law Allowance Payments: A change in legislation during the 2007 session allows the payment of law allowances to be made on the same pay cycle as the agency from which the individual retired.

Reconciliation Processes for State Health Plan: The reconciliation and payment processes for the State Health Plan will be centralized and administered through BEST Shared Services.

National Guard Pay: Members of the National Guard will be paid on a standard bi-weekly cycle instead of on an ad-hoc basis.

Pre-tax Parking Deductions: All parking deductions will be treated as pre-tax deductions unless the employee elects to have the deduction administered on a post-tax basis.

Short-Term Disability Payments: Short-term disability payments will be paid out to employees in the next available pay cycle after receipt of completed DIP3 and approved dates have been entered into the system.

Longevity Pay: When your agency goes live with the BEACON HR/Payroll system in 2008, employees that qualify for longevity pay will begin receiving their annual payout a month earlier than they have in the past. Under the BEACON system, employees that are paid on a monthly cycle will receive their payouts in the **same month** in which they have qualified for longevity, and then in the same month every year thereafter. Employees on the bi-weekly pay cycle *may* receive their payouts within the same cycle in which they have qualified *or* in the very next cycle. Currently, employees receive their longevity payment a month after they complete their 120th month of service, and then in the same month in subsequent years.

Following are examples for Group 1 and Group 2 agencies:

Group 1 Agencies: If your agency goes live in January, employees who would have received a Longevity payment in January for a December qualifying date (01/01/08 "Longevity Due Date"), will receive the Longevity payment in January out of the BEACON HR/Payroll system. However, employees due Longevity in subsequent months, will receive the payment in the same month. For example, an employee who would have received their Longevity payment in February for a January qualifying date ("Longevity Due Date" of 02/01/08), will receive the payment in January (one month earlier).

Group 2 Agencies: If your agency goes live in April, employees who would have received a Longevity payment in May for an April qualifying date (05/01/08 "Longevity Due Date"), will receive the Longevity payment in May out of the BEACON HR/Payroll system. However, employees due Longevity in subsequent months, will receive the payment in the same month. For example, an employee who would have received their Longevity payment in June for a May qualifying date ("Longevity Due Date" of 06/01/08), will receive the payment in May (one month earlier).

As a result of this change, there will be a one-time adjustment period taking place in FY 2007-08 that will cause agencies to make longevity payouts 13 times instead of the normal 12. This budget impact is taking place because those employees with a June longevity qualifying date who received their longevity pay in July 2007 will also receive a longevity payment in June 2008.

Out-of-State Taxes: BEACON will apply and deduct out-of-state tax rates for state employees stationed outside of North Carolina. BEACON will contact agencies to identify any out-of-state employees to verify correct tax information and to communicate the new policy to the employee.